

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WEBSTER COUNTY WATER)	
DISTRICT FOR (1) A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY)	
AUTHORIZING CONSTRUCTION OF MAJOR)	
ADDITIONS AND IMPROVEMENTS TO ITS)	
WATER DISTRIBUTION SYSTEM; (2) SEEKING)	CASE NO. 92-314
APPROVAL OF REVISED WATER SERVICE RATES)	
AND CHARGES; AND (3) SEEKING APPROVAL)	
OF THE ISSUANCE OF CERTAIN SECURITIES,)	
PURSUANT TO THE PROVISIONS OF KRS)	
278.020 AND 807 KAR 5:001)	

INTERIM ORDER

Webster County Water District ("Webster") filed its application on August 28, 1992 for a Certificate of Public Convenience and Necessity to construct a \$3,483,955 waterworks improvement project, for approval of financing, and for an adjustment to its retail rates. This project will provide service to 458 additional customers as well as provide additional water storage capacity. Funding for the proposed project includes \$333,300 from applicants for service in the proposed project area, a \$1,500,000 grant from the Kentucky Infrastructure Authority ("KIA"), a \$362,000 Community Development Block Grant ("CDBG"), \$358,500 from the Webster County Fiscal Court, and \$930,155 from Webster County Water District Revenue Bonds, which is included in a \$2,325,000 bond issue to fund this project and the remainder of Webster's outstanding debt.

Webster now moves for an Interim Order which grants a Certificate of Public Convenience and Necessity for the

construction of water main extensions, a booster pump station, a hydropneumatic pump station, and a water storage tank. As grounds for its motion, Webster states that it has received favorable bids for the construction project, and that the bids will expire on October 5, 1992 and October 9, 1992.

The Interim Order will address the construction and financing portion of the application. In the final Order in this case, the Commission will set rates necessary to provide the utility with an opportunity to recover its reasonable operating costs, service its debt and provide a reasonable surplus for equity growth.

After review of the evidence of the record and being otherwise sufficiently advised, the Commissions finds that:

1. Webster proposes to construct water main extensions, pump stations, and a water storage tank to be located at Webster County, Kentucky.

2. Drawings and specifications for the proposed construction were prepared by Turner Engineering Company and Howard K. Bell Consulting Engineers, Inc. ("Engineers") and have been approved by the Division of Water, Kentucky Natural Resources and Environmental Protection Cabinet.

3. Public convenience and necessity require that the construction identified in Webster's application be performed and that a Certificate of Public Convenience and Necessity be granted.

IT IS THEREFORE ORDERED that:

1. Webster's motion for an Interim Order is granted.

2. Webster be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

3. Any deviations of the construction herein approved which could adversely affect service to any customer shall be done only with prior approval of the Commission.

4. Webster shall furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

5. Webster's contract with its Engineers shall require the provisions of resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of construction trades involved in the project.

6. Webster shall require its engineer to furnish a copy of the "as built" drawings and a signed statement that construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

7. The financing plan proposed by Webster is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonable necessary and appropriate for such purpose. It should, therefore, be approved.


8. Nothing contained herein shall be construed as constituting approval of any other portion of Webster's application.

9. Webster's application for adjustment to retail rates is continued generally.

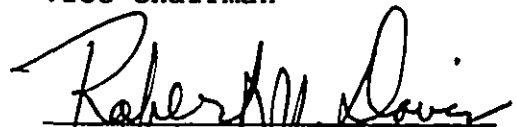
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 5th day of October, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice-Chairman


Commissioner

ATTEST:


Executive Director